

**286.7-510 Restrictions on security -- Contents of notes -- Advertising.**

- (1) In the case of loans made under KRS 286.7-410 to 286.7-600 the certificate holder shall not take any assignment, pledge or transfer of wages to be earned or paid in the future, nor any first lien or first mortgage on real estate as security, except such lien as is created by virtue of a judgment or decree. Nothing in KRS 286.7-410 to 286.7-600 is intended to prevent lending institutions from making loans with second or other junior mortgages on real estate as security, which loans are hereby authorized.
- (2) No certificate holder shall split up or divide a loan, or permit any person to be obligated to it under more than one (1) contract of loan at the same time for the purpose of obtaining a greater charge than would otherwise be permitted under KRS 286.7-410 to 286.7-600.
- (3) Every note made under KRS 286.7-410 to 286.7-600 shall contain the following information and provisions: The principal amount of the loan excluding any charge made under KRS 286.7-410 to 286.7-600; a statement of the total charge for the loan made under KRS 286.7-410 to 286.7-600; the amount and date of each installment; the date of final maturity; an agreement that the borrower may prepay the loan in whole or in part at any time, and if the loan is paid in full before maturity, the borrower will receive a refund of the unearned portion of the charge, as required by KRS 286.7-410 to 286.7-600. At the time the loan is made, the lending institution shall give the borrower either a copy of the note, or a statement of the transaction containing the provisions and information required to be contained in the note. The lending institution shall deliver a receipt for each payment; however, a canceled check or money order shall constitute a receipt.
- (4) In advertising for loans subject to KRS 286.7-410 to 286.7-600, every advertisement shall conform to the following minimum requirement: Any statement of the amount of the loan shall be the original principal amount showing in detail the net proceeds to the borrower and any charge made under KRS 286.7-410 to 286.7-600.
- (5) KRS 286.7-410 to 286.7-600 shall not prevent a certificate holder from purchasing or acquiring directly or indirectly, notes, chattel mortgages, installment or conditional sales contracts, embodying liens or evidencing title retention arising from the bona fide sale of goods or services by a seller of such goods or services.

**History:** Amended 1972 Ky. Acts ch. 317, sec. 5. -- Created 1962 Ky. Acts ch. 166, sec. 6(5), (6), (7), (8), and (9).

**Formerly codified as** KRS 291.510.

**Legislative Research Commission Note (7/12/2006).** In accordance with 2006 Ky. Acts ch. 247, secs. 38 and 39, this statute has been renumbered as a section of the Kentucky Financial Services Code, KRS Chapter 286, and KRS references within this statute have been adjusted to conform with the 2006 renumbering of that code.